



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF NATURAL RESOURCES
LANSING



KEITH CREAGH
DIRECTOR

January 13, 2015

TO: Keith Creagh, Director

INFORMATION: Natural Resources Commission

Transaction: Sale of certain Surplus Department of Natural Resources-Managed Land and Minerals, Exchange of Other Lands, and Sale of Option of Other Lands, Forest Resource Division
Sault Ste. Marie and Newberry Forest Management Units –
Luce and Mackinac Counties
Land Transaction Case #20130281

Sale/Exchange: Sale: Tract A of 1,005 acres (North Hendricks)
Exchange: Tract B of 660 acres (South Hendricks)
Exchange: Tract C of 160 acres (East Quarry)
Sale: Tract D of 7,256 acres (Minerals only of underground area)
Sale: Tract E of 801 acres (East Rexton Area)
Option: Optioned State Land of 575 acres

Sale Price: Tract A offer of \$1,216,050 plus limestone/dolomite royalty of \$0.1875
Tract B offer of \$726,000 of exchange lands plus limestone/dolomite royalty of \$0.1875
Tract C offer of \$140,000 of exchange lands plus limestone/dolomite royalty of \$0.1875
Tract D offer of \$79,816 plus limestone/dolomite royalty of \$0.1875
Tract E offer of \$792,990 plus limestone/dolomite royalty of \$0.1875
Option offer of \$20,000.

Description: See Exhibit A and B from Graymont application found online at www.michigan.gov/graymontproposal.

Applicant(s): Graymont (MI) LLC, Grand Rapids, Michigan

Authority: Natural Resources and Environmental Protection Act, 1994 PA 451, as amended.

Notice: This item will appear on the Department of Natural Resources (Department) February 3, 2015, calendar, and is eligible for approval on February 10, 2015. The transaction is also posted in a local newspaper as required by statute.

Acquired: The desired lands were acquired by tax reversion from 1924 to 1939 and 1988, Federal Government Exchange from 1931 to 1941, exchange in 1931 and 1956 and by purchase in 1945 with State Game Funds. All of the exchange parcels hold tax reversion status.

- Minerals:** Applicant desires to obtain all mineral rights under each tract, except Tract D where minerals above the bedrock are reserved for State. Applicant will pay \$0.1875 (18 and $\frac{3}{4}$ cents) per ton of limestone or dolomite removed from mine.
- Comments:** This memo summarizes a Land Transaction Application submitted by Graymont. A complete copy of the application is found online at www.michigan.gov/graymontproposal. The State has met with the applicant to identify concerns with the application. Items of significant concern to the State include: a) royalty rate and minimum annual royalty payment; b) lack of consideration of timber and non-limestone and dolomite mineral value; c) final decision authority on land use and infrastructure such as roads, trails, mining structures, etc., on all parcels; d) inclusion of Tract C in the application; e) adequate wetland protection and trail easement assurances in Parcel E; f) failure to agree on a process for land exchanges; and g) uncertainty involving the scope and timing of economic benefits to local communities.
- Proceeds from sale of land would be deposited into the Land Exchange Facilitation Fund (LEFF). The LEFF allows the Department to sell rights in land and deposit the proceeds in a fund which can then be used to acquire replacement property.
- Royalties from limestone and dolomite would be deposited into the Park Endowment Fund or its successor.
- Proceeds from Timber removed per LTA conditions would be deposited into Forest Development Fund.
- Engagement:** Sovereign tribal governments and the Chippewa Ottawa Resource Authority have submitted letters of opposition to the sale or exchange of land proposed in earlier versions of this LTA. Counties and townships that are directly affected have generally supported the LTA but have not seen this version. One township has opposed the previous form of the LTA. Individual citizens and organizations have submitted comments generally in opposition to the previous form of the LTA, although there is some community support.
- Consultation with sovereign governments of federally recognized tribes concerning this final LTA is being arranged. A public meeting in the Rexton area is being arranged.

Recommendation: The department does not recommend approval of the LTA in its current form as it does not address the above stated concerns. There is significant merit in continuing the development of limestone mining in the Rexton area. Graymont has brought a large and complex application to the Department. Resolution of outstanding issues, assessment of public input and consultation with sovereign tribal governments could modify the department's position for the conclusion of this LTA.



Russ Mason, Ph.D., Chief
Wildlife Division



William O'Neill, Chief
Forest Resources Division



James L. Dexter, Chief
Fisheries Division



Ronald A. Olson, Chief
Parks and Recreation Division



William E. Moritz, Ph.D.
Natural Resources Deputy



Mark H. Hoffman
Chief Administrative Officer

I approve the staff recommendations

Keith Creagh
Director

Date Approved

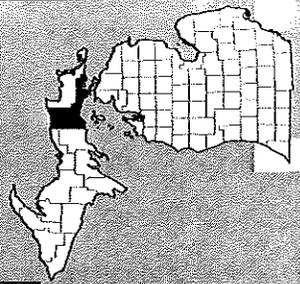
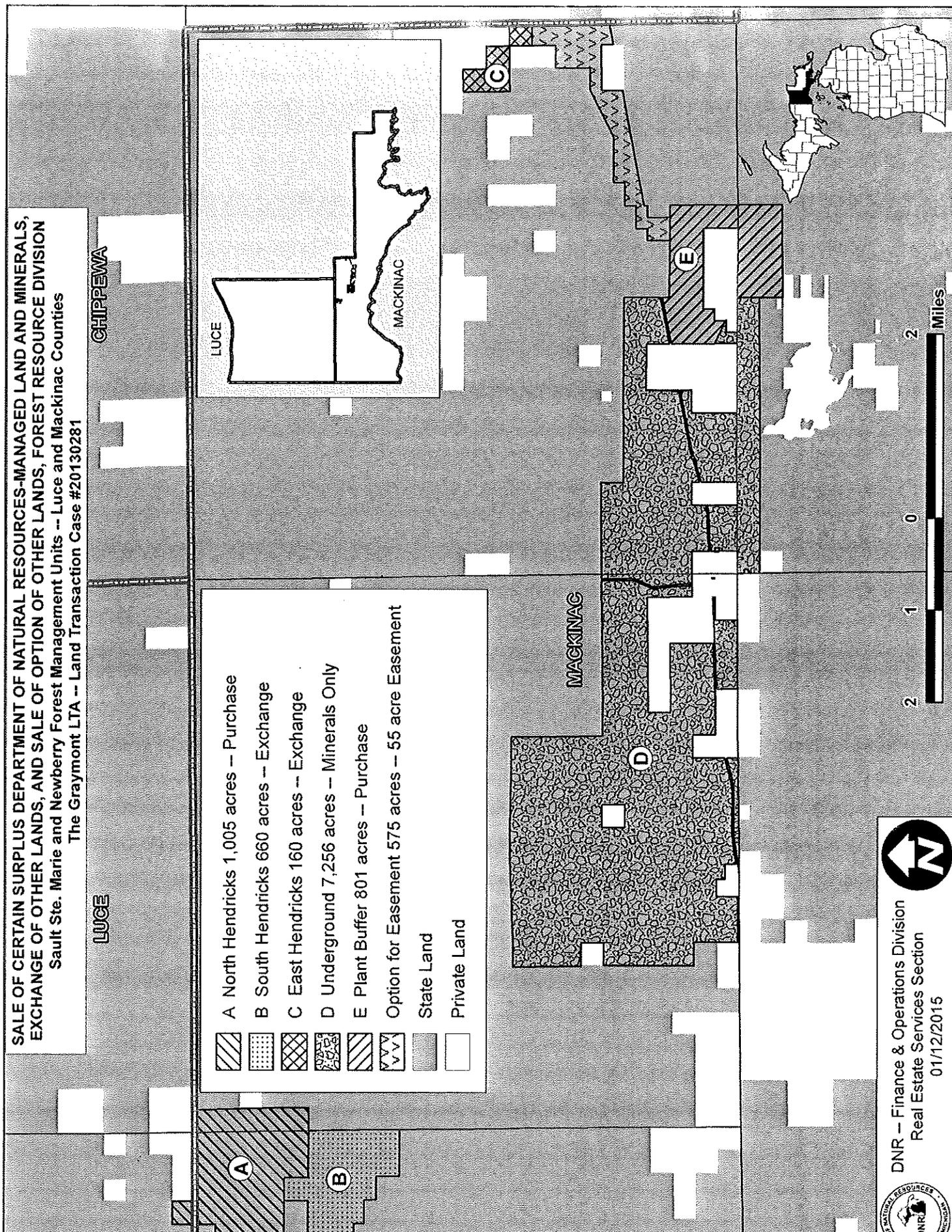
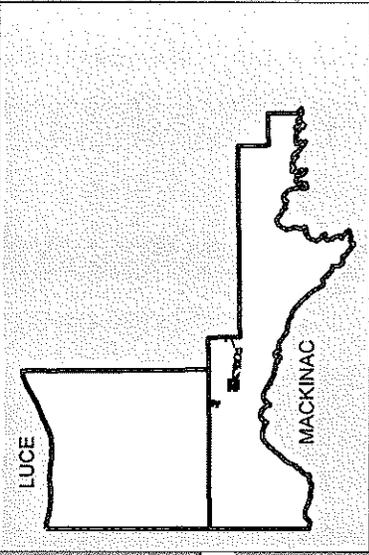
**SALE OF CERTAIN SURPLUS DEPARTMENT OF NATURAL RESOURCES-MANAGED LAND AND MINERALS,
EXCHANGE OF OTHER LANDS, AND SALE OF OPTION OF OTHER LANDS, FOREST RESOURCE DIVISION**
Sault Ste. Marie and Newberry Forest Management Units -- Luce and Mackinac Counties

The Graymont LTA -- Land Transaction Case #20130281

LUCE

CHIPPEWA

	A North Hendricks 1,005 acres -- Purchase
	B South Hendricks 660 acres -- Exchange
	C East Hendricks 160 acres -- Exchange
	D Underground 7,256 acres -- Minerals Only
	E Plant Buffer 801 acres -- Purchase
	Option for Easement 575 acres -- 55 acre Easement
	State Land
	Private Land



DNR -- Finance & Operations Division
Real Estate Services Section
01/12/2015

